

EXHIBIT 1

INTRODUCTION

Respondent Denise Johnson was a Staff Counsel for the Department of Motor Vehicles (the "Department"). As a Staff Counsel, Respondent was a designated employee, as defined in Section 82019, subdivision (c) of the Political Reform Act (the "Act"),¹ and in the Department's conflict of interest code.

As required by the Department's conflict of interest code, each designated employee is required to file a statement of economic interests within 30 days of leaving office. The leaving office statement must disclose the employee's reportable economic interests held between the closing date of the last required statement, and the date of leaving office.

The Enforcement Division handled this case on an expedited basis under the SEI Expedited Procedures adopted by the Commission in July of 1999.

In this matter, Respondent failed to file a leaving office statement of economic interests by the May 1, 2001 due date.

For the purposes of this Stipulation, Respondent's violation is stated as follows:

As a designated employee of the Department of Motor Vehicles, Denise Johnson failed to file a leaving office statement of economic interests by May 1, 2001, in violation of Section 87300 of the Government Code.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (c), is to ensure that the assets and income of public officials, which may be materially affected by their official actions, be disclosed, so that conflicts of interest may be avoided.

In furtherance of this purpose, Section 87300 requires every agency to adopt and promulgate a conflict of interest code. The agency's conflict of interest code must specifically designate the employees of the agency who are required to file statements of economic interests disclosing their reportable investments, business positions, interests in real property, and other income. Under Section 82019, subdivision (c), and Section 87302, subdivision (a), the individuals who are to be designated in an agency's

¹ The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

conflict of interest code are the officers, employees, members, and consultants of the agency, whose position with the agency entails making, or participating in making, governmental decisions that may have a reasonably foreseeable material effect on one or more of the individual's economic interests.

Section 87302, subdivision (b), provides that under an agency's conflict of interest code, each designated employee must be required to file a statement of economic interest within 30 days of leaving office, disclosing his or her reportable economic interests for the period between the closing date of the last statement required to be filed and the date of leaving office.

Under Section 87300, the requirements of an agency's conflict of interest code have the force of law, and any violation of those requirements is deemed a violation of the Act.

SUMMARY OF THE FACTS

Failure to File a Leaving Office Statement of Economic Interests

As a Staff Counsel, Respondent Denise Johnson was a designated employee of the Department, and therefore required to file a statement of economic interests within 30 days of leaving office, disclosing her reportable economic interests held between the closing date of the last statement required to be filed, and the date she left office.

On April 1, 2001, Respondent left office as a Staff Counsel for the Department. Respondent did not file a leaving office statement of economic interests by May 1, 2001, in violation of section 87300.

On September 7, 2001, Nancy Veon, Human Resources Branch Manager for the Department, sent Respondent a copy of the Form 700, statement of economic interests form, along with a memorandum, explaining that the form was to be completed and returned to the Human Resources branch office by September 24, 2001.

When Respondent did not file a leaving office statement in response to her memorandum, on October 5, 2001, Ms. Veon sent a letter to Respondent, reminding her that her leaving office statement of economic interests had not yet been received, and advising Respondent that the matter of her failure to file the statement would be referred to the Fair Political Practices Commission (the "Commission"), if the statement was not received by October 19, 2001. When the statement was not filed in response to this second letter, the matter of Respondent's failure to file a leaving office statement of economic interests was referred to the Commission's Enforcement Division.

On March 22, 2002, SEI Coordinator Mary Ann Kvasager, of the Enforcement Division, left a telephone message for Respondent, asking Respondent to contact her immediately. On March 22, 2002, Ms. Kvasager received a telephone call from Respondent. During the conversation that ensued, Ms. Kvasager instructed Respondent to file her leaving office statement of economic interests immediately. Respondent told Ms. Kvasager that she would file the statement, and fax a copy to Ms. Kvasager as soon as possible.

On April 2, 2002, Respondent filed a leaving office statement of economic interests eleven months after the due date.

ADDITIONAL INFORMATION

Respondent left her position with the Department on April 1, 2001, the same day that her 2000 annual statement of economic interests was due. As such, under Regulation 18732, her leaving office statement also served as her annual statement for the calendar year 2000, and covered the reporting period from January 1, 2000 through April 1, 2001.

CONCLUSION

This matter consists of one count of violating Section 87300, which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000). Under the SEI Expedited Procedures adopted by the Commission in July 1999, however, the usual administrative penalty for a non-filer who promptly files a delinquent statement of economic interests, after being contacted by an Enforcement Division SEI Coordinator has been between Two Hundred and Three Hundred Dollars (\$200 -\$300).

While Respondent filed her leaving office statement of economic interests within two weeks of being contacted by the Enforcement Division, the fact that Respondent's statement also served as her 2000 annual statement of economic interests, and was filed more than eleven months after the due date, justifies a penalty at the higher end of the range. Therefore the agreed upon penalty of Three Hundred Dollars (\$300) is appropriate.